Announcement on Assets Impairment of ADAMA Ltd. During 2022uarter of Q irstF the

The Company and all members of its Board of Directors confirm that all the information disclosed herein is true, accurate, and complete with no false or misleading statement or material omission.

In accordance with the Accounting Standards for Business Enterprises, ADAMA Ltd. (hereinafter referred to as the "Company"), recorded a total of RMB 126 million (approximately $19.8 million) for the first quarter of 2022 in provisions for asset and credit impairments. These provisions are mainly related to a credit loss provision for trade receivables in Ukraine and impairments made during the ordinary course of the Company's business, as provided herein.

Overview and Financial Impact of Provision for the Assets Impairment

During the first quarter, the Company recorded provisions for asset and credit impairments based on principles of prudent accounting and according to the "Accounting Standards for Business Enterprises" and the Company's own applicable accounting policies.

These provisions, charged to the total profits of the Company during the quarter, were amounting to RMB 126 million (approximately $19.8 million).

Further details of the impairments are as follows:

Unit: '000 RMB

Item	**Amount**
Credit losses	107,007
Inventories	18,365
Fixed assets	559
Total Asset impairments	**125,931**

Basis and Explanation for Credit Impairment Losses

The Company recognizes an impairment provision, which reflects its assessment regarding the credit risk of accounts receivables on a lifetime expected credit loss basis. The examination for expected credit losses is performed using a model including aging analysis and historical loss experience, and is adjusted taking into account observable factors reflecting current and expected future economic conditions.

Due to the current events in Ukraine, in order to cover the estimated risk, the Company has made an impairment for the expected credit loss related to the accounts receivables

in Ukraine amounted to RMB 107 million (approximately $16.9 million).

Basis and Explanation for Impairment of Inventories

Inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

An amount of RMB 18.4 million (approximately $2.9 million) in inventory impairment was provided in the ordinary course of the Company's business during the first quarter.

Basis and Explanation for Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there are any indications that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets (recoverable amount is the higher between the assets' fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset). If the recoverable amount is below the assets' net cost recorded in the balance sheet, a provision for impairment is made.

During the quarter, the Company has accrued an impairment of RMB 0.6 million (approximately $0.1 million) for fixed assets, which was immaterial to the overall financial statements.

Board of Directors' Explanation on the Reasonableness of Asset Impairments

The aforementioned provisions resulted from non-cash charges due mainly to the credit loss provision related to trade receivables in Ukraine, and impairments accrued during the ordinary course of the Company's business.

Based on the current status of these assets, these non-cash impairments serve to correctly present the balance sheet of the Company, truly and fairly reflects the company's financial situation, asset value and operating results, while meeting requirements of accounting standards and related policies.

By order of the Board of
ADAMA LTD.
April 28, 2022